

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 AGR-05 L-03 H-02 DODE-00 PA-01 PRS-01 OES-03

/092 W

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R 150905Z JAN 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 5946

INFO AMEMBASSY BANGKOK

AMCONSUL UDORN

AMCONSUL CHIANG MAI

AMCONSUL HONG KONG

CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: NA

TAGS: ETRD, EGEN, LA

SUBJ: EXPANDED LAO GOVERNMENT ROLE IN FOREIGN AND DOMESTIC  
COMMERCE

SUMMARY. LOCAL PRESS HAS RECENTLY CARRIED ANNOUNCEMENTS  
OF CREATION OF STATE RETAIL SHOPS AND OF ASSUMPTION BY  
STATE OF EXPANDED ROLE IN THE IMPORT AND DOMESTIC  
DISTRIBUTION OF A VARIETY OF BASIC COMMODITIES. GOVERN-  
MENT HAS ALREADY INSTITUTED RATION SYSTEM FOR SALE OF  
GASOLINE, RICE, SUGAR, MILK AND DETERGENTS THROUGH  
OFFICIALLY DESIGNATED OUTLETS AND AT GOVERNMENT-  
CONTROLLED PRICES. RICE, SUGAR, MILK AND DETERGENT ARE  
ALSO STILL AVAILABLE ON OPEN MARKET BUT AT HIGHER PRICES  
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THAN THROUGH GOVERNMENT OUTLETS. END SUMMARY.

1. VIENTIANE MAI OF JAN 12 QTE VANG FA SENG,  
THE DIRECTOR OF DOMESTIC TRADE, AS ANNOUNCING THAT  
66 STATE RETAIL SHOPS WOULD OPEN IN VIENTIANE  
JAN 15 AND THAT A CENTRAL STATE SHOP LOCATED IN  
THE SIHOM AREA OF VIENTIANE WOULD BE OPENED JAN  
25. GOODS TO BE PUT ON SALE IN THESE SHOPS ARE MILK,  
SUGAR, BICYCLES, GLUTINOUS RICE, SOAP POWDER, CLOTHING,  
CEREAL OIL, CANNED MEAT, CANNED FISH, EGG FLOUR,  
NOODLES AND OTHER CONSUMER ITEMS. THE GOODS WILL BE  
COMMODITIES DONATED TO LAOS BY FOREIGN COUNTRIES OR PURCHASED  
BY THE PDRL AT HOME OR ABROAD.

2. VIENTIANE MAI OF JAN 15 CARRIED STATEMENT BY  
DIRECTOR OF EXTERNAL TRADE KHAMTA PHOMPHENGSOUVANH,  
THAT LAO GOVERNMENT HAD ORDERED CERTAIN BASIC COMMODITIES  
(MILK, SUGAR, POWDERED SOAP, ETC.) FROM ABROAD TO MEET  
THE NNEDS OF THE POPULATION. HE STATED THAT LAOS WOULD  
SELL WOOD FOR CONSTRUCTION PURPOSES TO THE COUNTRIES  
FROM WHICH IT HAD ORDERED THESE GOODS IN EXCHANGE FOR  
THE COMMODITIES (SIC; NOT CLEAR WHETHER FORMAL BARTER ARRANGE-  
MENTS ARE CONTEMPLATED). LAO GOVERNMENT HAS ALSO ANNOUNCED  
THAT THE STATE WILL PURCHASE RICE DIRECTLY FROM LAO  
FARMERS AND SELL IT, AT SUBSIDIZED PRICES IF NECESSARY,  
TO PUBLIC IN ORDER TO PREVENT RICE HOARDING AND KEEP  
DOWN PRICE OF RICE.

3. RATION SYSTEM FOR SALE OF GASOLINE AND RICE, SUGAR,  
MILK AND DETERGENT ALREADY IN EFFECT. RATION SYSTEM  
FOR SALE OF MEAT CURRENTLY "UNDER STUDY" (AFTER BREAKDOWN OF  
INITIAL ATTEMPT, REPORTED VIENTIANE 0005, NOTAL). UNTIL SUCH  
SYSTEM WORKED OUT, MEAT MAY NOT BE SOLD LEGALLY IN  
VIENTIANE, EXCEPT TO GOVERNMENT OFFICIALS AT THEIR  
MINISTRIES AND TO DIPLOMATS THROUGH DIPLOMATIC STORE.  
OFFICIALS HAVE PUBLICLY ADMITTED MEAT SUPPLY IS  
CURRENTLY INADEQUATE TO MEET PUBLIC DEMAND BUT  
HAVE STATED THEY HOPE TO SOLVE PROBLEM OF MEAT  
SHORTAGES AND CONTROL OF SALE OF MEAT TO PUBLIC IN  
NEAR FUTURE.

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4. DESIGNATED LOCAL SHELL STATIONS SELL GASOLINE TO GENERAL  
PUBLIC; PURCHASERS MUST PRESENT RATION CARDS. (FYI. ESSO  
STATIONS ARE CLOSED AND WE UNDERSTAND THAT LAO  
PETROLEUM COMPANY, ESSO DISTRIBUTOR HERE, WILL  
NOT RESUME OPERATIONS. END FYI.) RATION CARDS  
ARE ISSUED AFTER AUTHORITIES HAVE CHECK APPLICANT'S DRIVER'S  
LICENSE, REGISTRATION AND TAX PAPERS ON VEHICLE AND PURPOSE FOR  
WHICH VEHICLE IS USED.

WITH PROPER RATION CARDS, OWNERS MAY BUY  
FIVE LITERS OF GASOLINE PER WEEK FOR A MOTORCYCLE AND 10 LITERS  
FOR AN AUTOMOBILE.

5. RICE, SUGAR, MILK AND DETERGENT ARE AVAILABLE  
THROUGH NEIGHBORHOOD (TASSENG-LEVEL) AUTHORITIES  
WHO ISSUE "FAMILY BOOK" RATION CARDS BASED ON NUMBER  
OF PEOPLE IN FAMILY. THESE COMMODITIES ARE ALSO AVAILABLE  
ON OPEN MARKET, BUT AT MUCH HIGHER PRICES. FOR  
EXAMPLE, LAO GOVERNMENT OFFICIALS CAN BUY RATIONED  
RICE AT 195 KIP PER KILO THROUGH THEIR MINISTRIES.  
ORDINARY PEOPLE CAN BUY RATIONED RICE AT 250 KIP PER  
KILO THROUGH THE TASSENG AUTHORITIES. THE SAME QUALITY  
RICE (25 PER CENT BROKEN, LAO OR "STICKY" RICE) IS  
AVAILABLE AT 400 KIP PER KILO ON THE OPEN MARKET.  
WE UNDERSTAND THAT MANY PEOPLE -- CIVIL SERVANTS AND GENERAL  
PUBLIC ALIKE -- FIND IT NECESSARY TO BUY ADDITIONAL AMOUNTS OF  
THESE BASIC COMMODITIES ON THE OPEN MARKET TO SUPPLEMENT  
THEIR GOVERNMENT RATIONS.  
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